Minutes of the Personnel Committee

Tuesday, August 17, 2004

Chair Paulson called the meeting to order at 1:01 p.m.

Present: Supervisors Duane Paulson (Chair), Genia Bruce, Jim Jeskewitz, Bonnie Morris, and Bob Thelen. Tom Bullermann arrived at 2:00 p.m. **Absent**: Jeff Morris.

Also Present: Legislative Policy Advisor Mark Mader, Chief of Staff Lee Esler, Senior Risk Management Analyst Jeff Newcomb, Employment Services Manager Sue Zastrow, County Board Supervisor Rodell Singert, Employee Benefits Administrator Pete Hans, and Labor Relations Manager Jim Richter.

Approve Minutes of August 3, 2004
MOTION: Jeskewitz moved, second by Bruce to approve the minutes of August 3. Motion carried 5-0.

Schedule Next Meeting Dates
September 7th.

Chair's Executive Committee Report of 8/16/04
Paulson advised of the following issues discussed at the last Executive Committee meeting.

- Discussed legislative issues with Senators Reynolds and Darling with one of the main topics of conversation being the Taxpayer's Bill of Rights.
- Discussed the committee's approach on handling the Wisconsin Counties Association resolutions.
- Reviewed and refined the internal audit scope of the Long Term Care Division in the Health & Human Services Department.
- Approved ordinance 159-O-045 which removes the restriction to release County funds to the Wisconsin River Rail Transit Commission to help repair the railroad.
- Approved the various appointments that were included in the last yellow packet.
- Heard a report on the National Counties Association Conference recently held in Phoenix.

2nd Quarter Status Report on Worker's Compensation Claims
Newcomb discussed his report entitled "Waukesha County Worker's Compensation, 2000-2004 Claims History Summary." By the end of the 2nd quarter of 2004, a total of 62 claims were opened and 43 remained open. Newcomb noted this is a little higher than usual. In 2004, the Sheriff's Department had 15 of the 44 claims, the Parks & Land Use Department had 7, and the Health & Human Services Department had 6. The total incurred was $110,765 – an increase of $88,000 from the 1st quarter. Newcomb highlighted new claims and those that have or are expected to close soon. Since 2000, a total of 539 claims have been opened, 61 remained open, and the total incurred was $1,503,698 by the end of the 2nd quarter, 2004.

Revise Classification Specification and Title for Public Health Nurse I
Zastrow distributed copies of the revised class spec. She said in the last year or so, the pool of applicants needed to fill Public Health Nurse I positions have decreased. Last year, they changed the job spec so they could hire new graduates into the program. The division did hire someone who had just graduated and she has been doing a very good job but she failed her board exam.

The job spec states that they need to have a bachelor's degree, a current temporary permit to practice as a registered nurse, and they need to pass the exam and obtain their license within three months. However, the state allows them six months to pass the exam. If they fail, the state revokes the temporary permit although they can still work under the supervision of a nurse. They are proposing to change the training and experience section in the job spec to allow six months to obtain a license. If they don't pass the exam within six months the employee would be terminated. Staff also changed the list of duties they can perform for those first six months, and according the state, the position title should really be Public Health Nurse Technician.

MOTION: Morris moved, second by Thelen to approve revisions to the Public Health Nurse I class spec. Motion carried 5-0.

Report on the 2004 Retiree Health Insurance Plan Study and Recommendations
Hans referred to the report entitled "2004 Retiree Health Insurance Plan Study and Recommendations." He advised there are about 225 employees in the retiree health insurance plan. The goal is that this plan be self-supporting thereby eliminating the County subsidy but they also want an affordable plan. Human Resources was directed by the County Board to perform a study of alternative plan design options, which included a retiree advisory committee, in the hopes of meeting these two objectives.

It is recommended that the Humana Gold Choice (Medicare + Choice) health plan be offered as an alternative option for Medicare eligible retirees beginning in 2005. Non-Medicare retirees are not eligible for Humana Gold Choice. They are also recommending that the UnitedHealthcare Complete Medicare + Choice health plan not be offered at this time, primarily due to its lack of brand name prescription drug coverage, but also because of a concern that offering too many plan options could be confusing. Humana Gold Choice provides a more flexible, fee-for-service product. Plan members are eligible to receive coverage through health care providers on a nationwide basis. In contrast, UnitedHealthcare Complete is an HMO and coverage is limited to a smaller network of participating providers in this service area.

Bullermann arrived at 2:00 p.m.

Staff went on to review its study of the County's current retiree health plan. Plan members are a diverse group with varying health care needs. People with lesser medical needs may be more willing to accept reduced benefits (higher deductibles, co-pays, and out-of-pocket maximums) in exchange for a lower health insurance premium. Conversely, individuals with greater medical needs may be willing to pay higher premiums to obtain more benefit coverage. With this in mind, the Dual Option Health Plan was developed. Under this plan, retirees are permitted to select their coverage from a choice of two benefit levels.

Option 1, the higher benefit option with the higher premium, has an in-network annual deductible of $200 single / $600 family as opposed to the current plan in-network deductible of $100 single / $300 family. Currently, the co-insurance is 90% and with Option 1 this will be changed to 80%. The maximum in-network co-insurance out-of-pocket expense will also be increased. The current plan design has a maximum of $400 single / $800 family. Under Option 1, the new maximum will be $750 single / $1,500 family. The total annual out-of-pocket expense for a single plan will be $950 (deductible and co-insurance). Once that level is reached, benefits are paid at 100% for the remainder of the year. This does not include vision benefits, prescription drugs, or behavioral health benefits. Behavioral health benefits are paid at 100% but this in not an unlimited benefit, nor has it ever been.

Prescription drug co-pays will also be increased under Option 1. There is currently a three-tier drug co-pay: $10 for generic, $15 for brand name, and $25 for a non-formulary drug. The proposed plan design would keep the generics at $10, but the co-pay for brand name drugs will be $30, and $50 for non-formulary drugs. Also new is a fourth tier which is a $100 co-pay for high tech drugs, something new in the industry. These will be very effective drugs but also very expensive. The maximum annual out-of-pocket expense for drug co pays will be $1,500 per individual. After the maximum is reached, prescription drugs will be paid at 100% for the remainder of the year. Currently, there is no maximum for out-of-pocket co-pays on prescription drugs. Retirees can also benefit using the mail order program for prescription drugs whereby they would receive a 3 months supply for 2.5 months worth of co-pays.

Option 2, the lower premium and lower benefit option, involves a higher in-network deductible: $500 single / $1,500 family. The in-network co-insurance will be 70% wherefore the individual pays 30%. There will be an in-network co-insurance out-of-pocket maximum of $2,000 single / $4,000 family. In this scenario, an individual will be responsible for up to $2,500 in medical expenses per year, versus $950 under Option 1. The prescription drug co-pays will be higher: $20 for generic, $40 for brand name, $60 for non-formulary, and $100 for high tech. The maximum out-of-pocket expense for drug co-pays will be $2,000 per year, per individual. The mail order program benefit will also be offered.

Hans went on to review out-of-network benefits which will include higher deductibles and higher co-insurance. Hans said most individuals use in-network services and they want to discourage the use of out-of-network services because they are more costly. He advised there will be no prescription drug coverage for out-of-network services. However, UnitedHealthcare contracts with the vast majority of retail pharmacies on a national level.

Esler said for someone to pay the same amount next year as they're paying this year, they will have five times as much out-of-pocket risk. Richter responded that's why it was important to offer options and they believe this was the right balance. He added that retirees can review past health care costs / experiences to help choose the best plan for them. Hans noted that individuals can switch plan options once a year no matter what pre-existing medical conditions they may have at the time.

Hans said premiums have been established at a level that will support the projected expenses of the retiree plan, thereby eliminating the County subsidy. Currently, the County offers a two-tier premium structure for non-Medicare eligible retirees: a single plan and a family plan. A review of the group showed there are currently no dependent children covered under the retiree health plan. Based on those facts, staff felt it was appropriate to add a third premium tier for non-Medicare retirees: a two-person tier. The two-person premium allows staff to establish a lower premium for a two-person policy and a higher premium for a policy with more than two covered individuals. This arrangement creates some premium relief for the current non-Medicare retirees with family coverage. Hans reviewed the premium structures for the current plan design and the proposed 2005 options.

Hans said we can't continue with the current plan design without the premiums increasing to prohibitively high levels. The proposed program changes have been designed to meet the objectives of this study by eliminating the County's financial subsidy to the retiree health insurance plan, and by establishing premium rates through plan designs that result in premium cost relief for our participating retirees. In addition, the new plan designs offer more flexibility for our retirees. Retirees who are not eligible for Medicare will have two plan options to choose from. Medicare-eligible retirees will have three plan options to choose from.

There is an additional administrative issue that these proposed changes allow the County to address. The current policy does not permit the surviving spouse of a deceased retiree the right to remain covered indefinitely under the retiree health plan. It currently provides a limited COBRA continuation benefit of 36 months of coverage under the plan. Under the new plan design, they have mitigated the underwriting risk of extending coverage for surviving spouses. They propose allowing surviving spouses to remain covered as a subscriber under the County's retiree health plan until they become eligible for Medicare. At that time, they will be required to enroll and remain in a Medicare + Choice plan alternative, thereby removing them from the County's risk pool.

If the Medicare + Choice products cease to exist, they are recommending allowing anyone who opted in one of those to enter into the current County retiree plan and be allowed to stay there without any limitation.

Paulson was concerned that we're changing health insurance plans for those who have already retired but aren't yet Medicare eligible although he will support it.

MOTION: B. Morris moved, second by Bruce to approve the recommendations and that an ordinance be submitted for consideration. Motion carried 6-0.

B. Morris asked if all retirees will be notified that the County is in the process of making plan changes. Hans said they encouraged communication from the beginning and that was the charge of the advisory committee. They want to continue this rapport and an update will be sent out in the near future.

Closed Session

MOTION: Bruce moved, second by Jeskewitz to go into closed session at 3:40 p.m. in accordance with Section 19.85 (1)(e) Wis. Stats. for the purpose of discussing collective bargaining issues associated with the AFSCME Master Unit Contract, and to approve the closed session minutes of August 3, 2004. Motion carried 5-0.

MOTION: Bullermann moved, second by Bruce to return to open session at 4:45 p.m. Motion carried 6-0.

MOTION: Thelen moved, second by B. Morris to adjourn at 4:45 p.m. Motion carried 6-0.

Recorded by Mary Pedersen, Legislative Assistant.

Respectfully submitted,

Bonnie J. Morris
Secretary